STANDARD FORM 2 FEBRUARY 1965 EDITION GENERAL SERVICES ADMINISTRATION FPR (41CFR) 1D16.601	**U.S. GOVERNMENT** **LEASE FOR REAL PROPERTY**
DATE OF LEASE: 1/27/2011	LEASE No. GS-09B-02568

THIS LEASE, made and entered into this date between **550 Corporate Center Investment Group INC.**

whose address is: 550 W C Street # 690
San Diego, CA 92101-3531

and whose interest in the property hereinafter described is that of OWNER, hereinafter called the LESSOR, and the UNITED STATES OF AMERICA, hereinafter called the GOVERNMENT:

WITNESSETH: The parties hereto for the considerations hereinafter mentioned, covenant and agree as follows:

1. The Lessor hereby leases to the Government the following described premises:

   5,390 rentable square feet (r.s.f.), yielding approximately 4,607 ANSI/BOMA Office Area square feet and related space located on the Fifth Floor (Suite # 550) at 550 West C Street, San Diego CA 92101-3530 together with 3 onsite reserved and structured parking spaces, as depicted in the attached Exhibit A (the "Premises"), to be used for SUCH PURPOSES AS DETERMINED BY THE GENERAL SERVICES ADMINISTRATION.

2. PARAGRAPH 2 IS INTENTIONALLY OMITTED.

3. The Government shall pay the Lessor annual rent of $0.00 at the rate of $0.00 per month in arrears for months 1 through 5. For months 6 through 60, the Government shall pay the Lessor annual rent of $209,725.63 (inclusive $207,407.14 Tenant Improvement costs amortized at 8% over 60 months) at the rate of $17,477.14 per month in arrears. For months 61 through 120, the Government shall pay the Lessor annual rent of $176,130.50 at the rate of $14,677.54 per month in arrears. Rent for a lesser period shall be prorated. Rent checks shall be payable to:

   550 Corporate Center Investment Group, Inc.
   550 West C Street, Suite 690
   San Diego, CA 92101-3530

4. The Government may terminate this lease in whole or in part effective any time on or after the five (5) year firm term of this lease by giving at least ninety (90) days' prior notice in writing to the Lessor. No rental shall accrue after the effective date of termination. Said notice shall be computed commencing with the day after the date of mailing.

5. PARAGRAPH 5 IS INTENTIONALLY OMITTED.

6. The Lessor shall furnish to the Government as part of the rental consideration, the following:
   A. The parking space(s) described in Paragraph 1 and parking spaces required by local code.
   B. All labor, materials, equipment, design, professional fees, permit fees, inspection fees, utilities, construction drawings (including, without limitation, plans and specifications), construction costs and services and all other similar costs and expenses associated with making the space, common areas, and related facilities ready for occupancy in accordance with the requirements of this lease.
   C. Adequate space for telecommunications antennae and transmission devises in accordance with Paragraph entitled, "Telecommunications: Local Exchange Access," of the Solicitation for Offers.

7. The following are attached and made a part hereof:

   All terms, conditions, and obligations of the Lessor and the Government as set forth in the following:
   a) The Solicitation For Offers Number GS-09B-02568 (pages 1-42) (all references to SFO shall also refer to any Special Requirements and Amendments);
   b) GSA Form 3517B (pages 1-33);
   c) GSA Form 3518 (pages 1-7);
   d) Sheet no. 1-2 containing Paragraphs 9-21;
   e) First generation Blue-Line Plan (Exhibit "A", page 1).

8. The following changes were made in this lease prior to its execution:

   Paragraphs 2 and 5 of this STANDARD FORM 2 were deleted in their entirety. Paragraphs 9 through 21 have been added. The words "in whole" have been added after the word "lease" in Paragraph 4 prior to lease execution. The words "on or after the five (5) year firm term of this lease" have been added after the word "time" in Paragraph 4 prior to lease execution.

IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names as of the date first above written.

LESSOR: **550 Corporate Center Investment Group INC.**

BY _____ _____
(Signature) (Signature)

IN PRESENCE OF:

_____ 550 West C St. #1690 SD CA 92130
(Signature) (Address)

UNITED STATES OF AMERICA: **GENERAL SERVICES ADMINISTRATION, Public Buildings Service:**

BY _____
CONTRACTING OFFICER, GSA

9. TO HAVE AND TO HOLD the Premises with their appurtenances for the term beginning on the day the space is accepted by the Government as complete and ready for occupancy through the following ten (10) years, five (5) years firm term in accordance with Paragraph 18 entitled "Inspection of Premises" herein, subject to termination rights as may be hereinafter set forth.

10. **PERCENTAGE OF OCCUPANCY:** Pursuant to Paragraph 3.5, "Percentage of Occupancy", the Government occupies 5,390 / 357,477 rentable square feet (1.5078%).

11. **TAX ADJUSTMENT**: This lease is not subject to tax escalations

12. **OPERATING COST**: Pursuant to Paragraph 4.2, "Operating Costs", the base rate for purposes of operating cost escalation is established at $9.23 per rentable square foot per annum (operating costs not required in months 1-5).

13. **ADJUSTMENT FOR VACANT PREMISES**: Pursuant to Paragraph 4.3, "Adjustment for Vacant Premises", in the event of the Government vacating in whole or in part prior to lease expiration, the rental will be reduced by $6.43 per ABOA per annum for operating expenses. The Adjustment for Vacant Premises rate shall be escalated annually based upon SF-2 Paragraph 12, "Operating Cost."

14. **OVERTIME USAGE**: Upon request by the GSA Field Office Manager, the Lessor shall provide heating, ventilation, and air-conditioning (HVAC) at any time beyond normal service hours (6:00 a.m. - 6:00 p.m., Monday through Friday, and except Federal Holidays ("Normal Hours")), at a rate of $125 per hour (2 hour minimum). The Lessor will not charge the Government if Lessor otherwise provides these services to other building tenants during the Government's overtime hours. The Lessor must submit a proper invoice quarterly to GSA Building Manager or designee located at 880 Front Street, San Diego, CA 92101 to receive payment.

15. **24 HOUR ROOMS**: The Overtime Usage rate specified above shall not apply to any portion of the Premises that is required to have heating and cooling 24 hours per day as specified by the Lease. The charges for heating and cooling of these areas shall be established upon completion of the Construction Drawings after this room(s) has been identified."

16. **TENANT IMPROVEMENT ALLOWANCE**: The maximum Tenant Improvement Allowance has been established by Paragraph 3.2, "Tenant Improvements Included in Offer (Aug 2008)". The Tenant Improvement Allowance shall be amortized over the 5 year firm term of the Lease Agreement at an interest rate (amortization rate) of 8% per year (Payment for the Amortized TI costs is not required in months 1 through 5). The Lessor has agreed to contribute an additional $23.40 per ABOA to be used towards Tenant Improvements at no cost to the Government. The additional Tenant Improvement contribution is $107,803.80 and shall be used first before using the Tenant Improvement Allowance. All Tenant Improvements required by the Government occupancy shall be performed by the Lessor as part of the rental consideration.

17. **BUDGET AND PRICE PROPOSALS/CONSTRUCTION SCHEDULE**

A. Budget and Price Proposals for Tenant Improvements

(1) In accordance with Paragraph entitled [5.9 (B)], "Construction Schedule and Acceptance of Tenant Improvements" of the Solicitation For Offers, Lessor shall submit to the Government a budget proposal with the Government Approved Design Intent Drawings which shall meet the requirements of the Lease Agreement. The cost estimate must be submitted in Construction Specification Institute (CSI) Format.

B. Failure to submit these budget and price proposals referenced above and in Paragraph [5.9 (E)], "Construction Schedule of Tenant Improvements" of the SFO, will constitute Lessor delay. In the event that either the budget proposal or price proposal exceeds the Tenant Improvement Allowance specified in the Lease, then the construction schedule shall be revised to afford the Government sufficient time to review and resolve the difference.

C. The construction schedule required in Paragraph [5.9], "Construction Schedule of Tenant Improvements" of the SFO shall also include adequate time for additional review by the Government of revised design intent drawings and Working Drawings/Construction Drawings. All references to "working days" in Paragraph 5.9, "Construction Schedule of Tenant Improvements" of the SFO shall not include the period from December 15 through January 1 of any calendar year.

D. In addition to the submission requirements specified under Paragraph [5.9(G)], "Construction Schedule of Tenant Improvements" of the SFO, Acceptance of Space, Lessor shall provide to the Government the final total costs of the completed Tenant Improvements thirty (30) calendar days prior to "Substantial Completion". Lessor acknowledges that the Government will not be responsible for the payment of any changes to the Tenant Improvements not approved in writing by the Contracting Officer in accordance with the terms of this Lease.

Initials: _____ & _____
Lessor Government

18. **INSPECTION OF PREMISES:**

A. The Lessor shall notify the Government 30 calendar days in advance of the anticipated substantial completion date as defined in Paragraph 1 of the GSA Form 3517. Within 5 business days after the date the Lessor notifies the Government that the space is "substantially complete," the Government shall inspect the Premises and appurtenances. Within five (5) business days after the inspection, the Government shall notify the Lessor of any deficiencies in the Premises and appurtenances and the Lessor shall thereafter diligently pursue remedying any defects. If any subsequent Government inspection is required to confirm conformance with the results of a prior inspection, any such subsequent inspection and notification of the results of such inspection shall be made in accordance with the foregoing procedure and the time frames.

B. The period during which rent shall be deemed to have commenced for the Premises shall be the date that the entire space is accepted for occupancy by the Government (or the date accepted for occupancy, subject to completion of a written punchlist of items not materially affecting beneficial occupancy which are yet to be finished). Any items to be completed or corrected that have been identified at the acceptance of the space as a punchlist item and which do not affect beneficial occupancy shall be completed by the Lessor within 30 calendar days of acceptance.

C. Neither the Government's acceptance of the Premises for occupancy or acceptance of related appurtenances, nor the Government's occupancy of the Premises, shall be construed as a waiver of any requirement or right of the Government under this lease, or as otherwise prejudicing the Government with respect to any such requirement or right, or as an acceptance of any latent defect or condition.

19. **UNAUTHORIZED IMPROVEMENTS:** All questions pertaining to this lease agreement shall be referred in writing to the General Services Administration Contracting Officer. This contract is between GSA and the Lessor. GSA assumes no financial responsibility for any cost incurred by the Lessor except as provided by the terms of the lease agreement or authorized in writing by the GSA Contracting Officer. **If Lessor delivers space with improvements not authorized or requested in writing by the GSA Contracting Officer, then Lessor shall not be entitled to compensation.**

20. Wherever the words "Offeror", "Lessor" or "successful offeror" appear in this Lease, they shall be deemed to mean "Lessor"; wherever the words "solicitation", "Solicitation for Offers", or "SFO" appear in this Lease, they shall be deemed to mean "this Lease"; wherever the words "space offered for lease" appear in this Lease, they shall be deemed to mean "Premises".

21. **WAIVER OF RESTORATION:** The Lessor hereby waives, releases and discharges, and forever relinquishes any right to make a claim against the Government for waste, damages, or restoration arising from or related to (a) the Government's normal and customary use of the leased premises during the term of the lease (including any extensions thereof), as well as (b) any initial or subsequent alteration to the leased premises, including cabling, or removal thereof, during the term of this lease (including any extensions thereof), where such alterations or removals are performed by the Lessor or by the Government with the Lessor's consent, which shall not be unreasonably withheld. The Government may, at its sole option, abandon property in the leased space following expiration of the Lease, in which case the property will become the property of the Lessor and the Government will be relieved of any liability in connection therewith.